

# INSIDE VIRGINIA

Spring 2007



## DIRECTOR'S CORNER

So many new and exciting things are happening at VDBA that I almost don't know where to start!

To keep our allies and clients up to date, I've launched a Director's Corner on the VDBA website. I encourage you to check it out frequently and share your comments and suggestions

for new topics by e-mailing [feedback@vdba.virginia.gov](mailto:feedback@vdba.virginia.gov). Two of my most recent Corners addressed an innovative training tool we've added and the enhancement of an already popular publication.

On January 17th we held our first Webinar, a seminar on the web. For the first time, we presented one of our Selling to the Commonwealth series topics online. From the convenience of their home or business computer, participants "attended" an interactive session on using the eVA procurement system. There were some glitches—after all, this was the first time using the software and more than 100 individuals logged in—but we emerged from our maiden voyage more convinced than ever that Webinars will be a another great way to serve our clients.

We've fixed the glitches and our next Webinar will be held Wednesday, March 21st.

For the past few years, our most popular publication has been the *Guide to Doing Business in Virginia*. For 2007, in conjunction with our partners at **Virginia Business** magazine and the Virginia Small Business Development Center network, we've added new features and resource listings. For the start-up and early stage entrepreneur, this is a must-read.

You can find the 2007 Guide online or pick one up from the VDBA booth at an event in your area.

There's so much more—stay tuned for announcements of additional innovative programs we're developing, as well as complete details of Business Appreciation Week 2007. This year's theme and activities will be truly memorable.

Best wishes for continued success,

## A LETTER FROM GOVERNOR TIMOTHY M. KAINE

Dear Friends:

Thanks to our award-winning business climate and highly skilled workforce, Virginia continues to be competitive in the global economy. In an effort to maintain our competitive edge, I recently released my Workforce Development Strategic Plan, which lays out specific goals and strategies to better meet the needs of workers and employers throughout



the Commonwealth. The plan is the result of a collaborative effort between my Cabinet, the Workforce Council, several Virginia legislators, key economic development and business leaders, and the Virginia Community College System. Last summer, six public meetings were also held across the state in conjunction with the Secretary of Commerce and Trade, where Virginia's citizens offered feedback on the development of the plan.

Currently, Virginia's workforce development system is spread across 15 agencies in three Cabinet Secretariats. To succeed, we must create substantial structural reform through consolidations to simplify the system. I want to make it easier for workers to acquire the skills they need to get good jobs, and easier for employers to find these workers. These consolidations will also increase cost-effectiveness and efficiency by reducing administrative costs.

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## EDCORNER

**VSBA Lowers Rates, Lengthens Terms**

The Virginia Small Business Financing Authority (VSBA) announced enhancements to its Direct Loan and Loan Guarantee programs. For new loans, the rate on the Direct Loan Program will drop by two percent, and the program's term length will increase from a five-year to a 10-year maximum. The VSBA's Loan Guarantee Program term will also increase, from a three-year to a five-year guarantee.

VSBA administers the programs of the VSBA. For more information, please visit [www.governor.virginia.gov/MediaRelations/NewsReleases/viewRelease.cfm?id=331](http://www.governor.virginia.gov/MediaRelations/NewsReleases/viewRelease.cfm?id=331).

**VSBA ANNOUNCES STAR\$ MENTOR PROGRAM**

VSBA announces the creation of STAR\$, a new mentor program. STAR\$, an acronym for State Technical Assistance Resource and Support, is designed to rapidly increase the participation of small, women and minority-owned (SWaM) businesses in state procurement. The STAR\$ program is in accordance with Governor Kaine's Executive Order 33 – setting a goal for the Commonwealth to buy more goods and services from small businesses.

Staff members of VSBA will serve as mentors for eligible businesses by providing customized advice and counseling. Protégé companies are selected through a competitive application process that seeks to identify SWaM companies whose business model, product or service,

experience and capabilities are at or near the profile of a successful government vendor. The composition of the mentor team will vary depending on the needs of the protégé.

"The STAR\$ program is a breakthrough opportunity," according to Louisa M. Strayhorn, Director of VSBA. "Focusing on experienced SWaM businesses that have demonstrated the potential to be prime state contractors represents a direct path to rapid improvement in the share of state contracting that currently goes to small companies."

STAR\$ can become a self-sustaining program in the future as protégé companies "graduate" to become mentors, supplementing VSBA staff. More than 20 protégé companies have joined the STAR\$ program and are receiving preliminary assessments to determine what their individual needs are.

**VEDP RECOGNIZES VSBA'S FRANK STRICKLER**

The Virginia Economic Development Partnership (VEDP) recently recognized **Frank Strickler**, a Project Manager for VSBA's Virginia Jobs Investment Program, for his work on the project that brought a major furniture manufacturer to Southside Virginia, creating 740 new jobs. Swedwood North America, an IKEA subsidiary, announced in October 2006 that it would build its U.S. manufacturing facility in

the Cane Creek Centre industrial park that was jointly developed by Danville and Pittsylvania County.

Strickler's main responsibility on the Swedwood project was to sell the company on the

recruiting and training services that were available to them in Virginia. The Virginia Jobs Investment Program team was able to provide funding to offset training and recruiting costs and worked with Danville to offer customized advanced manufacturing programs to prepare employees to meet the company's needs.

"Since companies view a new locality as an unknown, we try very hard to make them feel comfortable and confident about locating to Virginia," said Strickler.

He added that "there is a real thrill in the chase of convincing companies to locate in Virginia."

In addition, Strickler accompanied business leaders from Danville on a trip to Sweden and Poland

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**EVENTS CALENDAR**

No matter what your business need or interest, local, state, and federal resources are surprisingly accessible no matter where you work in Virginia. Check the VSBA online calendar for details on these and other workshops, seminars, and networking events:

[www.vdba.virginia.gov/events/](http://www.vdba.virginia.gov/events/)

**Procurement Opportunity Assistance:**

Sessions in Richlands, Franklin, Roanoke, Williamsburg, Henrico, and Galax.

**Small Business Capacity Building:**

Events in Harrisonburg, Smyth County, Emporia, Hampton and Lynchburg.

**SAVE THE DATE:**

VSBA Small Business Conference, June 22nd, Virginia Beach-Norfolk area, details to follow!

Send your event for posting on the VSBA website to [will.vehrs@vdba.virginia.gov](mailto:will.vehrs@vdba.virginia.gov)

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to visit the Swedwood and IKEA headquarters and tour manufacturing facilities that would be similar to the future Southside Virginia site.

Strickler has been with VDBA since 1997 and, before working as a project manager, was the video production manager.

For more information on the Virginia Jobs Investment Program, visit [www.vdba.virginia.gov/workforce/default.asp](http://www.vdba.virginia.gov/workforce/default.asp). To read the Governor's news release about the Swedwood project, go to [www.governor.virginia.gov/MediaRelations/NewsReleases/viewRelease.cfm?id=266](http://www.governor.virginia.gov/MediaRelations/NewsReleases/viewRelease.cfm?id=266).

## VDBA OFFERS "WEBINARS"

The Virginia Department of Business Assistance (VDBA) now offers monthly web-based seminars, commonly known as "webinars," for small, woman and minority-owned businesses interested in learning more about doing business with the Commonwealth. Topics will include certification, registration requirements and useful tips to increase business opportunities with state agencies.

"New state procurement mandates make it an excellent time to be a certified small business – particularly women and minority

owned," said Governor Kaine. "It is imperative that the state offer services to assist small businesses meet the requirements they need to participate in state procurement."

Each year, Virginia spends nearly \$6 billion on goods and services. Governor Timothy Kaine last year signed Executive Order 33 – making it a goal for all Virginia state agencies to do 40 percent of their discretionary purchases with small businesses. VDBA is one of several state agencies charged with enhancing the development of Virginia's small businesses. The new "webinar" series is a spin-off of the agency's "Selling to the Commonwealth" workshop series, where businesses

can find new information about the Virginia procurement process, methods for contacting state government buyers and business assistance services.

"This is just one more dynamic resource for small businesses interested in state contracting," said VDBA's Wayne Waldrop. "Webinars will allow VDBA to communicate with businesses at every corner of the Commonwealth about Virginia's purchasing process, access to contracting opportunities in their market and other resources needed to be successful."

Seminars are scheduled to be held the third Wednesday of each month. Businesses can access it by logging onto

[www.vdba.virginia.gov](http://www.vdba.virginia.gov) and clicking the "webinar" link for instructions.

## VDBA WELCOMES NEW TEAM MEMBER

VDBA is proud to announce the addition of **Tina Wade** to the Virginia Jobs Investment Program as Program Manager, where she will mainly serve the Northern Virginia region – working with clients to provide customized training and recruiting programs. Tina comes to VDBA with more than 10 years of human resources experience, eight of which as HR Director with companies such as Lockheed Martin, WCIL Technologies and Houston Associates. She also served in the U.S. Army Reserves for more than six years.

## ask vbic

### Frequently asked questions from the Virginia Business Information Center

#### **I have several outside sales agents working for my company. How do I determine whether they are considered employees or independent contractors for tax purposes?**

The issue of employment taxes is an area where you don't want to make a mistake – employers can be held liable for employment taxes on employees wrongly classified as independent contractors. The general rule of thumb when determining whether to classify someone as an employee (and set up a withholding and unemployment tax account for them) or an independent contractor (whereby you merely pay them a flat "fee" and they are responsible for their own withholding, social security, etc.) is that if you, the employer, determine exactly what will be done and how it will be done by a worker, then that worker is an employee. If, on the other hand, your only concern is with the outcome of the work and you do not control how that outcome is reached by the worker, then that worker is an independent contractor. If this explanation still does not help you come to a conclusion as to whether your workers are employees or independent contractors, you can file a form SS-8 with the IRS to have them make a determination on their status for tax purposes.

### VIRGINIA BUSINESS INFORMATION CENTER

(804) 371-0438 OR (866) 248-8814 toll free

[vbic@vdba.virginia.gov](mailto:vbic@vdba.virginia.gov)





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I am also seeking to foster an even stronger connection between workforce and economic development. This type of collaboration is evident in Virginia's Great Southwest, as regional workforce, education, and economic development representatives have created meaningful partnerships to prepare local residents for jobs with two major information technology firms that have located in the region – CGI-AMS and

Northrop Grumman.

The Commonwealth's greatest asset is in our citizenry. These goals for improving the state's workforce system will no doubt result in cost savings and efficiency for users and keep Virginia moving forward. For more information or to view the entire plan, I encourage you to visit [www.workforce.virginia.gov](http://www.workforce.virginia.gov).

Timothy M. Kaine  
Governor of Virginia

## PARTNERING CORNER

### Increased Funding for VCAP

The Center for Rural Virginia is seeking to double state funding for the Virginia Capital Access Program (VCAP) over the next two years by asking the General Assembly to give the program an extra \$1 million in 2008. The program is already set to receive \$1 million in state funds this year. VCAP, administrated by VDBA's Virginia Small Business Financing Authority, is designed to help budding small businesses and entrepreneurs expand. It acts as a state-run loan loss reserve that participating banks in rural and distressed parts of the state can turn to if a small business loan they make goes into default – giving lenders an incentive to make deals that would not be possible otherwise. To learn more about VCAP, visit [www.vdba.virginia.gov/financing/programs/virginia.asp](http://www.vdba.virginia.gov/financing/programs/virginia.asp).

## BUSINESS APPRECIATION WEEK MAY 13 - 19, 2007



### THE FOUNDATION OF AMERICAN BUSINESS

*Since the founding of America, Virginia has set the course for American business. The aspirations and fortitude of the founders of our great Commonwealth are evident today in the efforts of each of you – corporate leaders and small business owners alike. In recognition of your continuous work and dedication, Forbes magazine ranked Virginia as “The Best State for Business” in 2006.*

*As we commemorate Business Appreciation Week, it is important to reflect on the challenges and successes of Virginia business. It is a time to say simply – thank you. Through your continued efforts and perseverance, we can keep Virginia moving forward.*



Business Appreciation Week is proudly brought to you by the Virginia Department of Business Assistance and local partners.  
[WWW.VDBA.VIRGINIA.GOV](http://WWW.VDBA.VIRGINIA.GOV) | 866.248.8814

## INSIDE VIRGINIA

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